

Local Single Article Rate Change – Unicoi County

Sales & Use
tax notice
#04-36

Tenn. Code Ann. Section 67-6-702(a) authorizes specific action by which Tennessee city councils and county commissions may adopt a local option tax base for the purpose of increasing the maximum local tax on single article sales.

The Tennessee Department of Revenue has been notified that the governing body of Unicoi County has increased the local option tax base cap to \$1,600, the maximum allowed under sales and use tax law. The new local option tax base cap in Unicoi County is effective on December 1, 2004.

The state single article tax rate remains applicable to the sales price, from \$1,600.01 up to and including \$3,200, of any item of tangible personal property.

With the increase in the local option tax base cap, the 2.75% local option tax rate in effect in all areas of Unicoi County will produce a maximum of \$44 in local option tax that can be charged on a single article sale.

$$\begin{array}{rcl} \text{Tax Rate} & & \text{Tax Base} \\ 2.75\% & \times & \$1,600 \\ & & = \\ & & \$44 \end{array}$$

The local option rate cap does not apply to the sales price of any taxable service. Taxable services do not qualify as single articles under sales and use tax law.

If you have any questions concerning this change, please contact the Tennessee Department of Revenue, Taxpayer Services Division, at (615) 253-0600 or, within Tennessee only, (800) 342-1003.

Publication Date: October 25, 2004